

Delmarva Poultry Industry, Inc. comments to Maryland Agricultural Commission August 15, 2005

Farm profitability

Regulations

From a chicken industry perspective, what the state of Maryland can do to help with farm profitability is to reduce, or at least restrain, the costs of complying with government regulations. For example, there is no need for the Maryland Department of the Environment to charge a permit fee for animal operations that will be required to have an industrial strength Concentrated Animal Feeding Operations permit. Better yet, MDE and MDA can adopt Delaware's philosophy that if a CAFO is in compliance with state nutrient management laws and regulations and is not discharging pollutants to waters of the United States, then it does not even need a CAFO permit.

Alternative Uses of Manure

The state needs to continue its work with the private sector to develop alternative uses of chicken manure/litter. In fact, the state needs to intensify its work. With the new phosphorus-limiting nutrient management regulations now in effect, poultry growers will have more difficulty than ever in finding a home for excess manure. If poultry growers are not able to properly handle their excess manure, then they are in danger of going out of business. While additional outlets for manure might not increase farm profitability, they could very well help keep farms in business.

We again urge the state to give serious consideration to using chicken manure as the fuel source for the Eastern Correctional Institute's boilers. While there might be some equipment conversion costs, in the long run the taxpayers, the environment, and the poultry growers will all benefit from such a use of poultry litter. All due diligence must be taken because we don't want to exchange a perceived water quality problem for an air quality problem.

Additionally, it is important for many poultry growers needing outlets for their manure to be able to transport it through the state's manure transport program. We urge the state and the poultry companies to continue adequate funding for this very important service. This program could be critical to making alternative uses viable.

State Purchases of Manure-Based Products

In this same vein, we urge the state to substitute the purchase of commercial fertilizers with manure based products on all state lands where fertilizers are used. This will help in market development for manure-based products while providing tangible evidence that the state is part of the nutrient solution. Already trials are underway with the Maryland Highway Administration to use manure-based products rather than commercial fertilizers. This effort needs to be expanded to all state agencies and all political subdivisions.

Flexibility for Bedding Material Storage in Manure Storage Buildings

With the shortage of affordable new bedding material for chicken houses, the state should change the Maryland Agricultural Cost Share Program to allow new bedding material to be stored in state cost-shared manure storage structures when the structures are not needed for the storage of used litter/manure. Delmarva's chicken industry is at a competitive disadvantage compared to other poultry producing areas of the nation. One of the reasons is the high cost for new bedding material. If additional storage areas are made available, costs might not increase as much as they have in recent years. Allowing poultry growers to store their own replacement bedding material in their state cost-shared manure storage structures will help with this issue. The MACS rules need to be changed to allow this.

Additionally, DPI is opposed to efforts in the Maryland General Assembly to include hardwood sawdust and shavings on the list of renewable fuels eligible for a state tax credit for companies that produce electricity. The language in this year's House Bill 1277 to exclude all sawdust and shavings from the eligible fuels' list is a good approach. If companies want to buy and use hardwood sawdust and shavings to produce electricity, that is fine. But to give them a tax break for doing so will increase demand for the product and work against the interests of the chicken industry.

Solar Energy

One of the largest, if not the largest, operating expenses for poultry growers is the cost of electricity. With more electrical equipment in the chicken houses, including computers, ventilation fans, automatic feeders and waterers, and lights, the electric bill keeps getting higher and higher. The large areas of exposed roof space on chicken houses would seem to make them ideal for solar panels. Solar technology still needs refinement to make it cost effective. We urge the Maryland Energy Administration and the University of Maryland System to devote resources to develop better, more effective, and less costly solar energy systems for chicken houses. The installation and use of such an alternative energy system will help growers financially, reduce the demand on already stressed electric systems, decrease the demand for conventional fuel sources, and reduce air pollution from conventional electric generation stations.

Backup Generators

The Maryland Department of the Environment is considering regulations that could impact poultry growers with back-up, on-the-farm diesel generators. These regulations, still in the early draft stages, will be designed to reduce nitrous oxide emissions, a laudable goal, however not very applicable to poultry growers. Based on our experiences in Delaware and the creative solution offered by the state of Delaware and the local Soil and Water Conservation Districts to provide cost-share money for pollution reduction devices for on-the-farm generators, we urge the state of Maryland to follow the Delaware lead. Air pollution from the few poultry house generators in Maryland is minimal, but the possible costs to retrofit existing generators or require the use of new, less polluting units will not be cost effective for poultry growers and will achieve very little air pollution reduction.

Federal Farm Bill

Work is underway to develop the next federal farm bill and we encourage the state of Maryland to offer comments on two subjects.

The USDA Farm Service Agency has a loan guarantee program that ought to be helpful to poultry growers wanting to build houses. But, it is not. We urge the state to weigh in on this

matter. The formula for the \$813,000 loan guarantee limit determination needs fixing. The amount is not adequate to meet the needs of young, beginning farmers today. The amount allows only 2 new chicken houses without land, dwelling or other buildings. Additionally, once this loan goes on record, the Farm Service Agency has a policy of not subordinating its loans to subsequent loans and thereby locks in the producer at this level, which may be an inefficient size. So, the combination of the loan guarantee amount being low and never subordinating puts a cap on agriculture and most particularly the poultry industry.

Secondly, the requirement for a Phase I environmental determination on animal operations under the 100,000 National Environmental Policy Act (NEPA) limit because we are in the Chesapeake Bay Watershed seems onerous. It delays loans for up to 5 months by the time the process is complete and in that time producers have been subjected to dramatic price increases, interest rate increases, and other risks. There should be no determination on farms under 100,000 birds except for the normal environmental due diligence and completion of an environmental questionnaire and site inspection. In addition, the 100,000 bird limit was set in 1969, a huge number at that time. It should at least be at the CAFO limit of 125,000 birds set by EPA so that the government is consistent.

MARBIDCO

Legislation establishing the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) was enacted in 2004 with the intent of providing new or enhanced economic development services to Maryland's agricultural, forestry and seafood industries. This quasi-public development corporation has been authorized to: 1) develop agricultural industries and markets; 2) support appropriate commercialization of agricultural processes and technology; and 3) alleviate the shortage of nontraditional capital and credit available at affordable interest rates for investment in agriculture and resource based businesses.

The corporation's primary mission to assist Maryland's farm, forestry, seafood and recreation-based businesses to achieve profitability through the provision of targeted services and a specialized infrastructure that helps retain existing Agricultural and resource based industries' production and commerce, promotes rural entrepreneurship, and nurtures emerging industries.

State of Maryland financial assistance for MARBIDCO will be a worthwhile expenditure of the taxpayer's money.

MAERDAF

The Maryland Agricultural Education and Rural Development Assistance Fund is another support agency for agriculture that needs state appropriations. This fund was born out of the frustration experienced by a number of rural-serving nonprofit organizations and community colleges in their ability to access adequate and much needed program or special projects funding. Unlike their counterparts operating in or near the urban centers, nonprofits operating in or serving agricultural and rural communities typically lack access to the plethora of corporate and private foundation philanthropic opportunities that are more readily available in metropolitan areas.

The program was initially funded at \$422,000. Over the years the General Assembly reduced the appropriation, putting it at a level of about \$146,000 in FY04 and FY05.

The fund is a budget item within the MDA, and then the grant program is administered through the Rural Maryland Council, housed at the MDA.

Land use and management

Right to Farm Laws

We commend the Maryland Department of Agriculture on its recent forum on land use/right to farm issues and urge MDA to continue to work with the counties on right to farm/urban encroachment issues. Ways in which MDA can be helpful include providing counties with information about what all the counties are doing about zoning, right to farm laws, setbacks, etc.

MDA, in consultation with the agricultural industry, should examine the state's right-to-farm law and make recommendations on how it can be improved for the benefit of existing farms, existing farms wanting to add a different type of agricultural operation, and agriculturally zoned land that is targeted to become a farm.

Infrastructure Needs

With increasing urbanization of rural areas and more motor vehicles, the state and the counties need to support transportation and infrastructure requirements for agriculture. Planning officials must understand and consider the impact on agriculture when new commercial and housing developments are being planned. While economic development organizations like to tout the benefits of bringing new people, new jobs, and new facilities to an area, this might not be in the best interests of the existing residents. American Farmland Trust studies nationwide indicate a net cost to the taxpayers when farmland is converted to dwellings. While tax revenue will increase due to such conversions, the costs to governments rise more. Quality of life needs to be emphasized more than just economic development.

Outreach to Newcomers to Rural Areas

Some of the biggest urban encroachment challenges we face come from people who want to move to a rural area and then realize they don't like the rural area. They are not accustomed to the hours of operation, noises, smells, and other features of working farms and often start complaining once they arrive. MDA should work with realtors by providing them information packets explaining agriculture so they can provide them to new homebuyers in rural areas, prior to them making the home purchase.

Farmland Preservation Programs

The General Assembly and governor must support additional funding to purchase farmland easements and focus development in priority funding areas. This is essential to maintain the rural areas of Maryland. Unfortunately, many farmers who decry the loss of open spaces and working farms are often the ones selling their lands to developers for huge prices. It is hard to find fault with their efforts to increase their income, but it is difficult to establish policies to protect farmland when many of the sellers are the farmers themselves. While government farmland preservation programs cannot compete dollar for dollar with the developers, additional government money to help preserve farmland as farmland is essential.

"The state should commit to require that land conservation programs be supportive of production agriculture and productive farmland. State programs should not in any way compete with production agriculture for farmland." (recommendation from 2003 Poultry Issues Action Team)

Trees Around Chicken Houses

The state should become a partner with Delmarva Poultry Industry, Inc. (DPI) by providing dollars to help fund the trees around chicken houses coordinator. This person, to be hired by DPI to work throughout the Delmarva Peninsula, will work with poultry growers to help them select and plant appropriate trees and other plants around chicken houses to capture airborne and water borne nutrients and in the process reduce emissions on neighboring properties that in turn will improve neighbor relations. The Poultry Issues Action Team report called upon the state to devote staff to work on this program.

Alternative agricultural enterprises

Because of the danger that non commercial chickens pose to Maryland's broiler chicken industry, the state of Maryland does not need to be encouraging the conversion of old chicken houses into units to raise birds for the live bird markets, auctions, and other such outlets. We are not aware of such encouragement, but it needs to be avoided. Soon the University of Maryland Eastern Shore will be reaching out to owners of unused chicken houses regarding mushroom production and hog production in those old buildings. That is fine. But we do not want these old chicken houses used for raising birds for the live bird market system. The diseases associated with the live bird market system have the potential to destroy Maryland's chicken industry.

Agrosecurity

The MDA diagnostic lab near Salisbury needs to be modernized so it can be a more effective diagnostic and surveillance tool for the chicken industry and the state. The lab is in desperate need of new equipment. 21st century technology is required to work on 21st century issues.